

SENATE BILL REPORT

E2SHB 1359

As of March 20, 2007

Title: An act relating to providing affordable housing for all.

Brief Description: Creating an affordable housing for all program.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Miloscia, Chase, Hasegawa, Pettigrew, Springer, Ormsby, Roberts, Darneille, Goodman and Santos).

Brief History: Passed House: 3/10/07, 57-39.

Committee Activity: Consumer Protection & Housing: 3/22/07.

SENATE COMMITTEE ON CONSUMER PROTECTION & HOUSING

Staff: Alison Mendiola (786-7483)

Background: Existing Low Income Housing Surcharge: (RCW 36.22.178) County auditors are required by statute to record deeds and other instruments that are filed and recorded. A \$10 surcharge is charged for recording certain documents to support low-income housing projects. The county is allowed to keep up to 5 percent of the \$10 surcharge for the collection, administration, and local distribution of the funds. Of the remaining funds, 40 percent is transmitted into the Housing Trust Account administered by Department of Community, Trade and Economic Development (CTED) to be used for the support operation and maintenance of extremely low-income housing projects and to support homeless programs. The remainder of the revenue generated is retained by the counties for low-income housing programs and projects which serve households making at or below 50 percent of the area median income.

Homeless Housing and Assistance Act: The Legislature enacted the Homeless Housing and Assistance Act in 2005, the goal of which is to reduce homelessness by 50 percent statewide and in each county by July 1, 2015. This goal is to be achieved through the creation of plans to address the causes of homelessness and the implementation of solutions to homelessness through state and county homeless housing programs. Thirty-seven county governments are participating in the Homeless Housing and Assistance program.

Homeless Housing and Assistance Program Funding: The Homeless Housing and Assistance Program is funded by a \$10 surcharge for certain documents recorded by the county auditor. Of that \$10 surcharge:

- the auditor retains 2 percent;
- 60 percent of the remaining funds stay within the participating county of origin;

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

- any city which assumes responsibility for reducing homelessness within its boundaries receives a percentage of the surcharge equal to the percentage of the city's local portion of the real estate excise tax; and
- the remaining monies are remitted to CTED and deposited into the Homeless Housing Account for program administration and to support the Homeless Grant Program.

Approximately \$16 million in new funding for homelessness is produced each year through the homeless document recording fee.

Summary of Engrossed Second Substitute Bill: Part I: Affordable Housing for All Program: Creates the Affordable Housing For All Program and establishes a state goal of ensuring a decent, appropriate, and affordable home in a healthy, safe environment for every very low-income household by 2020.

Affordable Housing for All Surcharge: RCW 36.22.178 is renamed the Affordable Housing for All (AHFA) Surcharge. The portion of revenue due to the state will be remitted to the Home Security Fund Account. All counties must report on their use of county funds to CTED.

County Participation in Affordable Housing for All Program: Counties may decline to participate in the AHFA program. In doing so, they continue to collect and have use of the AHFA surcharge (in RCW 36.22.178); however, they are not eligible for monies from any additional state appropriations. Counties that do choose to participate in the program are required to fulfill the following responsibilities:

- create an Affordable Housing for All Taskforce;
- create a County Affordable Housing Plan by June 30, 2008, and update that plan annually; and
- comply with additional planning, reporting, and evaluation requirements.

City Participation in Affordable Housing for All Program: A city may participate in the AHFA program if the county in which it is located declines to participate.

CTED Responsibilities of the Affordable Housing for All Program:

- creating a state AHFA plan by December 31, 2008, and updating the plan annually;
- establishing performance measures by December 2007;
- evaluating participating county plans annually beginning in 2008;
- evaluating participating county programs annually starting in 2008;
- evaluating all counties' use of the AHFA surcharge; and
- conducting annual performance evaluations of all state agency housing programs.

Additional Affordable Housing for All Program Components:

- The Joint Legislative Audit and Review Committee (JLARC) evaluates the AHFA program every four years (starting in 2010);
- Quality Management: city and county governments receiving more than \$500,000 in housing-related funds from state sources, the Housing Finance Commission (HFC), and certain document recording fee surcharges must apply to the Washington State Quality Award program; and
- Voucher Study is to be conducted by JLARC to determine the cost effectiveness of voucher programs.

Part II: Homeless Housing and Assistance Act Program Funding Revisions:

\$10 Surcharge: CTED's share of revenue from the \$10 homeless housing surcharge will be deposited into the Home Security Fund and may be used for:

- program administration;
- to provide housing and shelter to homeless people and to financially support homeless shelters and other homeless housing programs; and
- to fund the Ending Homelessness Grant Program.

\$8 Surcharge: An additional \$8 document recording fee surcharge is established of which 90 percent may be used for:

- county homeless programs;
- 10 percent will be deposited into the Home Security Fund Account to be used for the CTED program administration;
- funding the creation of two self-sufficiency income standards by Department of Employment Security (ESD);
- housing and shelter assistance for homeless persons; and
- the Homeless Housing Grant Program.

The Departments of Revenue, Labor and Industries, and ESD are exempt from the \$8 surcharge.

Additional Homeless Program, Reporting, and Evaluation Requirements:

Responsibilities of CTED:

- update the State Ending Homelessness plan annually;
- create program performance measures in collaboration with a taskforce; and
- evaluate local plans and local performance annually.

Responsibilities of Local Governments:

- update the Local Ending Homelessness plan annually; and
- include and report upon performance measures in Local Ending Homelessness plans.

Other Engrossed Second Substitute Bill Components: JLARC will audit the Ending Homelessness program every four years beginning in 2009.

CTED will contract with ESD to develop two self-sufficiency income standards.

Appropriation: None.

Fiscal Note: Available for P2SHB 1359. New fiscal note requested on March 12, 2007.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.